

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT	)	
FILING OF NORTH MERCER WATER	)	CASE NO. 2010-00339
DISTRICT	)	

O R D E R

On August 23, 2010, North Mercer Water District ("North Mercer") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. North Mercer purchases water from the City of Harrodsburg ("Harrodsburg").

2. Harrodsburg's rate to North Mercer is a seven-step, declining block rate design. Harrodsburg notified North Mercer, effective with its September 1, 2010 billing, Harrodsburg's wholesale water rate to North Mercer would increase. Harrodsburg's increase is a 40 percent across-the-board increase to the base rate.

		BASE RATE	CHANGED RATE
FIRST	250	\$6.27	\$8.78
NEXT	750	2.38	3.33
NEXT	3,000	2.07	2.90
NEXT	6,000	1.76	2.46
NEXT	25,000	1.50	2.10
NEXT	25,000	1.25	1.75
OVER	60,000	1.00	1.40

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

Harrodsburg measures its sales to North Mercer in cubic feet, while North Mercer measures its sales in gallons. North Mercer proposes to increase the water rates to its customers effective September 20, 2010.

3. During the 12 months ending June 30, 2010, North Mercer purchased a total of 339,418,758 gallons of water from Harrodsburg and sold 249,451,017 gallons. The increase in the cost of purchased water is \$182,845.79 resulting in a purchased water adjustment of \$0.74 per 1,000 gallons.

4. North Mercer miscalculated the purchased water adjustment factor in the application.

5. The purchased water adjustment of \$0.74 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

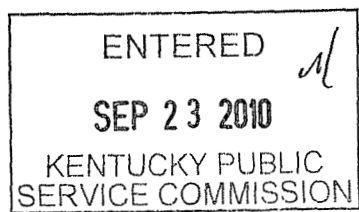
1. The proposed rates by North Mercer are denied.

2. The purchased water adjustment of \$0.74 per 1,000 gallons as calculated in Appendix A is approved.

3. The rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services on or after September 20, 2010.

4. Within 20 days of the date of this Order, North Mercer shall file with the Commission revised tariff sheets showing the rates approved herein.

By the Commission



ATTEST:

Executive Director

# APPENDIX A

## APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00339 DATED **SEP 23 2010**

BASE RATES					
		BILLS	CUBIC FT.	RATE	REVENUE
FIRST	250	12	3,000	\$6.27	\$75.24
NEXT	750		9,000	2.38	214.20
NEXT	3,000		36,000	2.07	745.20
NEXT	6,000		72,000	1.76	1,267.20
NEXT	25,000		300,000	1.50	4,500.00
NEXT	25,000		300,000	1.25	3,750.00
OVER	60,000		44,656,833	1.00	446,568.33
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TOTAL		12	45,376,833		\$457,120.17

CHANGED RATES					
		BILLS	CUBIC FT.	RATE	REVENUE
FIRST	250	12	3,000	\$8.78	\$105.36
NEXT	750		9,000	3.33	299.70
NEXT	3,000		36,000	2.90	1,044.00
NEXT	6,000		72,000	2.46	1,771.20
NEXT	25,000		300,000	2.10	6,300.00
NEXT	25,000		300,000	1.75	5,250.00
OVER	60,000		44,656,833	1.40	625,195.66
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TOTAL		12	45,376,833		\$639,965.92

Increased water cost \$182,845.75

Increased water cost	\$ 182,845.75
Divided by gallons sold	<u>249,451,017</u>
Purchased water adjustment factor	\$0.74 per 1,000 gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00339 DATED SEP 23 2010

The following rates and charges are prescribed for the customers in the area served by North Mercer Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Water Rates

First	1,000 gallons	\$ 11.36	Minimum Bill
Next	2,000 gallons	5.22	per 1,000 gallons
Next	2,000 gallons	5.16	per 1,000 gallons
Next	5,000 gallons	4.75	per 1,000 gallons
Over	10,000 gallons	4.59	per 1,000 gallons

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